

CITY OF TUMWATER
Thurston County, Washington
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. Accounting For And Internal Controls Over Fixed Assets Should Be Improved

As reported in prior audits, the following weaknesses were identified in the city's accounting system and internal control structure for fixed assets reported in the general fixed asset account group:

- a. Detailed subsidiary records for the assets reported in the general fixed assets account group are not maintained with sufficient information to determine valuation basis.
- b. The city does not have formal written policies and procedures establishing the capitalization threshold for fixed assets and establishing required subsidiary detail and recording maintenance on such assets.
- c. Periodic physical inventories of the city's fixed assets are not performed. Without performing periodic inventories the city is unable to verify the existence, location, and condition of the property owned by the city on a timely basis.

We believe these conditions constitute a material weakness in that the city does not have adequate control to:

- a. Prepare complete and accurate financial reports.
- b. Fix responsibility for safeguarding fixed assets.
- c. Fix responsibility for custody and proper use of fixed assets.
- d. Properly manage and account for fixed assets.

Discussion with the city's finance director indicates that they are aware of these conditions and the importance of implementing the recommendations, and have funded additional staff to resolve the conditions noted. These improvements are planned for 1996.

We again recommend that the city establish a valuation basis for the assets in the general fixed assets account group, adequate subsidiary detail be maintained, policies and procedures be developed and documented, and periodic physical inventories be performed.